



**HB 5963 Limiting District General Fund Balances  
Testimony of MAPSA's Dan Quisenberry  
House Education Committee  
March 18, 2010**

- Good morning, Chairman Melton and committee members. My name is Dan Quisenberry and I'm the President of MAPSA, Michigan's charter school association.
- While we understand the need to look at all possible ideas for resolving the current budget crisis, we are opposed to this legislation. Here are a few of our concerns:
- Public School Academies (PSAs) have no other means for securing funds for facility costs/building ownership other than accumulating savings in their General Fund Balance. A down payment or a fund balance to offset financing for building ownership, in the long run, provides PSAs with savings on financing costs, lease costs, building costs.
  - PSAs have no access to property tax revenue.
  - The lending markets are tight for PSAs even in a sound economy, high interest rates.
  - PSAs are typically restricted from accessing traditional public school buildings even when they are vacant.

So, the single best solution, work to accumulate cash reserves for use with a building purchase or for construction costs.

- The "penalty" takes money from Section 22b, 100% of a PSA per pupil, while only a portion for a traditional school's per pupil, disproportionately hitting charter school funding.
- The "penalty" on saving/accumulating funds in the general fund balance will widen the per pupil funding gap. For example, a highly funded district that spends all of it's funding will give nothing back, a district with lower per pupil funding, which has been efficient in it's spending, will loose funding, widening the equity gap.
- A limit on the General Fund Balance would actually give districts the incentive to spend the districts entire general fund revenue, every year, rather than give up any funding through this penalty. Driving up costs, not saving costs.
- This seems like a punishment for half the districts in the state that have spent wisely and that planned for "tough" times while rewarding those that have spent their funds and not saved.
- This seems unnecessary. If the goal is to reduce the fund balances, or use the fund balances, the proposed cuts or freezing of the foundation grant will automatically continue to reduce these balances yet leave spending flexibility and decision making at the local level, while also leaving significant incentive to reduce costs.
- As always, we wish to work with you to help schools manage their budgets effectively while driving student performance. Thank you for your attention, and I'd be happy to answer any questions.